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A21

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EXCISE

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DEA FOR A & EHA

E.O. 12065: GDS 2/11/81 (HRINAK, DONNA J.) OR-M
TAGS: SNAR, PINR, CO
SUBJECT: INTELLIGENCE REQUIREMENTS: EVERYTHING YOU ALWAYS WANTED TO KNOW ABOUT COLOMBIAN NARCOTICS

REF: STATE 004694 (NOTAL)

1. CONFIDENTIAL ENTIRE TEXT.

2. SUMMARY: WHILE WE REALIZE REFTEL PROVIDED GENERAL GUIDANCE FOR FUTURE REPORTING ON NARCOTICS ACTIVITIES, RATHER THAN DEMANDING AN IMMEDIATE ANALYSIS OF THE SUGGESTED TOPICS, WE BELIEVE IT USEFUL TO SYNTHESIZE OUR CURRENT KNOWLEDGE ON THE PROPOSED SUBJECTS TO ESTABLISH THE INFORMATION BASE FROM WHICH FUTURE INVESTIGATIVE EFFORTS WILL BE CONDUCTED. ACCORDINGLY, WE SUBMIT BELOW OUR BEST CURRENT DATA ON PRODUCTION AND TRAFFICKING OF COLOMBIA'S THREE MOST IMPORTANT NARCOTIC EXPORTS: COCAINE, MARIJUANA AND QUAALUDES. SOME OF THIS INFORMATION, SUCH AS ESTIMATES OF ACREAGE DEVOTED TO ILLICIT CROPS AND LOCATION OF LABORATORIES, HAS BEEN GATHERED OVER THE FIVE YEARS THAT COLOMBIA HAS BEEN A MAJOR DRUG PRODUCER AND EXPORTER. ON OTHER ISSUES, SUCH AS FINANCIAL FLOWS ASSOCIATED WITH TRAFFICKING, WE ARE JUST BEGINNING TO COLLECT DATA. PARAGRAPHS BELOW ARE KEYED TO INFORMATION REQUIREMENTS GIVEN REFTEL. END SUMMARY.

3. POLITICAL ENVIRONMENT: SINCE PRESIDENT TURBAY IN HIS AUGUST 1978 INAUGURAL ADDRESS PLEDGED HIS ADMINISTRATION TO AN "IMPLACABLE CRUSADE" AGAINST NARCOTICS TRAFFICKING, THE GOC AT ITS HIGHEST LEVELS HAS STOOD FIRM BEHIND STRONG ANTI-NARCOTICS MEASURES. ALTHOUGH A PRIVATE RESEARCH ORGANIZATION, ANIF (NATIONAL ASSOCIATION OF FINANCIAL INSTITUTIONS), HAS FOR THE PAST THREE YEARS CONDUCTED A PUBLICITY CAMPAIGN IN FAVOR OF LEGALIZING THE CULTIVATION AND EXPORT OF MARIJUANA, EMBASSY OFFICERS HAVE BEEN TOLD REPEATEDLY BY VARIOUS COLOMBIAN OFFICIALS THAT WITHIN THE GOVERNMENT THERE IS NO SENTIMENT FOR LEGALIZATION.

4. UNFORTUNATELY, THE COMMITMENT OF TURBAY AND MEMBERS OF HIS CABINET IS NOT CLEARLY REFLECTED BY FIELD PERSONNEL WHO MUST PUT POLICY INTO ACTION. ENFORCEMENT AGENCIES CONFRONTED WITH MYRIAD PROBLEMS OF LAW AND ORDER CAN NOT ALWAYS DIRECT LIMITED STAFF AND EQUIPMENT AGAINST NARCOTICS TRAFFICKING. REGARDLESS OF THE CENTRAL GOVERNMENT'S GOOD INTENTIONS, COLOMBIA, LIKE ALL COUNTRIES, MUST DECIDE WHICH SOCIAL AND ECONOMIC PROBLEMS REQUIRE PRIORITY ATTENTION, AND THE MESSAGE REACHING THE FIELD IS THAT SUCH ACTIVITIES AS COMBATTING SUBVERSION AND PROTECTING THE BORDERS RANK HIGHER THAN STOPPING THE FLOW OF NARCOTICS. IT MIGHT BE ADDED THAT THE AUTHORITIES HAVE EQUALLY LITTLE SUCCESS IN PREVENTING ILLICIT CROSS-BORDER TRAFFIC IN OTHER ITEMS - FROM IMPORTS OF TEXTILES IN MASSIVE QUANTITIES TO EXPORTS OF MEAT, COFFEE, AND OTHER AGRICULTURAL PRODUCTS.

5. CORRUPTION OF LOW AND MID-LEVEL OFFICIALS, PARTICULARLY ON THE NORTH COAST, IS RAMPANT. THE LOW PAY PROVIDED TO POLICE OFFICIALS, APPROXIMATELY 150 USD PER MONTH FOR THE LOWEST GRADE, CONSTITUTES AN ALMOST TACIT APPROVAL OF THEIR PURSUING A PERSONAL PECUNIARY INTEREST WHEN DEALING WITH SEIZURES INVOLVING MILLIONS OF PESOS WORTH OF DRUGS. INDEED, BOTH PRESIDENT TURBAY AND THE MINISTER OF DEFENSE HAVE ACKNOWLEDGED CORRUPTION OF ARMY OFFICIALS IS ONE REASON FOR THE MILITARY'S WITHDRAWAL FROM THE GUAJIRA CAMPAIGN. ALTHOUGH WE HAVE RECEIVED REPORTS THAT CERTAIN POLITICIANS UP TO THE SUB-CABINET LEVEL HAVE BEEN INVOLVED IN, OR BOUGHT OFF BY, THE DRUG MAFIA, WE HAVE NO PROOF OF THESE ACCUSATIONS. WHILE SOME TRAFFICKERS REPORTEDLY HAVE ESCAPED PROSECUTION BY BRIBING JUDICIAL OFFICIALS, WE BELIEVE MOST PAYOFFS ARE MADE TO ADMINISTRATIVE EMPLOYEES OF THE COURTS WHO, BY CONVENIENTLY MISPLACING A FILE, CAN CAUSE DISMISSAL OF A CASE. ALTHOUGH WE BELIEVE THE MAJORITY OF JUDGES IS HONEST, NO LEVEL OF OFFICIALS SHOULD BE CONSIDERED IMMUNE FROM CORRUTPION.

6. ALTHOUGH NARCOTICS IS A BIG BUSINESS FOR SOME COLOMBIANS, A LARGE PART OF THEIR DRUG EARNINGS REMAINS IN THE U.S. THE MONEY WHICH RETURNS TO COLOMBIA HAS, FOR THE MOST PART, GONE NOT INTO DEVELOPMENT INVESTMENT, BUT FOR SUMPTUOUS LIVING AND INTO SPECULATIVE VENTURES SUCH AS REAL ESTATE AND THE BLACK MONEY MARKET. ECONOMISTS WHO FAVOR LEGALIZATION OF MARIJUANA OFTEN ATTEMPT TO JUSTIFY THEIR POSITION AS A WAY OF BRINGING NARCOTICS EARNING TO GOVERNMENT COFFERS, PROVIDING FUNDS THE GOC COULD THEN USE TO DEVELOPE ALTERNATE ECONOMIC ACTIVITIES FOR PEASANTS NOW ENGAGED IN ILLICIT CULTIVATION.

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7. PROSPECTS FOR BILATERAL AND/OR MULTILATERAL COOPERATION IN NARCOTICS CONTROL: THE U.S. AND COLOMBIA HAVE HAD A JOINT ANTI-NARCOTICS PROGRAM SINCE 1972. ALTHOUGH THE WEST GERMANS HAVE EXPRESSED THEIR CONCERN ABOUT COLOMBIAN-PROCESSED COCAINE BEING EXPORTED TO THEIR COUNTRY, THEY HAVE NOT OFFERED COLOMBIA ANY ASSISTANCE IN CONTROLLING NARCOTICS. IN THE U.S. EXPERIENCE, COLOMBIA HAS BEEN A RATHER WILLING JUNIOR PARTNER IN NARCOTICS CONTROL [redacted]

8. WITH REGARD TO MULTILATERAL COOPERATION, WE ARE ENCOURAGING COLOMBIA BOTH TO MEET ITS INTERNATIONAL NARCOTICS TREATY OBLIGATIONS AND TO AVAIL ITSELF OF RIGHTS THESE TREATIES MAY AFFORD THAT WOULD ASSIST THE COLOMBIAN NARCOTICS CONTROL PROGRAM. WE HAVE, FOR EXAMPLE, SUGGESTED COLOMBIA, AS A PARTY TO THE INTERNATIONAL CONVENTION ON PSYCHOTROPIC SUBSTANCES, MAY WISH TO INFORM EXPORTING COUNTRIES THAT IT WILL NOT ACCEPT SHIPMENTS OF METHAQUALONE POWDER. ALTHOUGH THE ANDEAN PACT HAS UNDERTAKEN NO COOPERATIVE PROGRAMS ON THE NARCOTICS ISSUE -- SO IMPORTANT TO FOUR OF VIE MEMBERS-- PRESIDENT TURBAY HAS EXPRESSED HIS WILLINGNESS TO COORDINATE COLOMBIA'S ANTI-NARCOTICS EFFORTS WITH THOSE OF OTHER ANDEAN COUNTRIES. ON THE LOCAL LEVEL, POLICE OFFICIALS IN COLOMBIA'S SOUTHERN BORDER PROVINCES ALREADY HAVE ESTABLISHED LIMITED COOPERATIVE PROGRAMS WITH THEIR ECUADOREAN COUNTERPARTS.

9. COCA AND COCAINE:

COCA PRODUCTION: THE FOLLOWING CHART GIVES OUR BEST ESTIMATE OF COCA PRODUCTION IN COLOMBIA:

DEPARTMENT/POLITICAL SUBDIVISION	COCA CULTIVATION (IN HECTARES)
META AND VAUPES	1,000 H.
CAUCA	1,000 H.
PUTUMAYO	500 H.
NARIÑO	500 H.

SOME HECTARE EQUALS 2.5 ACRES.

THE PRODUCTION FIGURES FOR BOTH COCA AND MARIJUANA ARE BASED ON POLICE AND INFORMANTS' REPORTS AND ESTIMATES OF EMBASSY OFFICERS WHO HAVE TRAVELLED IN/FLOWN OVER AREAS OF ILLICIT CULTIVATIONS. NO REMOTE SENSING SURVEY HAS BEEN CONDUCTED TO DETERMINE PRECISELY THE EXTENT OF ILLICIT PRODUCTION. BASED ON ONE LAB ANALYSIS OF MOIST LEAVES FROM A MATURE (4-6 YEARS OLD) COCA PLANT IN THE DEPARTMENT OF CAUCA, ONE BUSH PRODUCES 200 GRAMS OF LEAVES WITH A COCAINE HCL CONTENT OF ONE-FOURTH OF ONE PERCENT (.0025). THEREFORE, ONE SUCH MATURE PLANT COULD PRODUCE .5 GRAMS OF COCAINE PER HARVEST. LESS DEVELOPED BUSHES WOULD, OF COURSE, HAVE SIGNIFICANTLY LESS PRODUCTION POTENTIAL.

10. ECONOMIC IMPORTANCE OF COCA PRODUCTION: COCA IS GROWN ON LAND THAT CAN BE, AND OFTEN IS, USED FOR OTHER CROPS AS WELL. IN SOME AREAS, COCA BUSHES ARE HIDDEN AMONG CORN, YUCCA, AND OTHER PLANTS. TO DATE THE VOLUME OF COCA PRODUCTION IN COLOMBIA IS NOT SO HIGH AS TO AFFECT COLOMBIA'S OVERALL FOOD PRODUCTION, NOR IT IT EVER LIKELY TO. HOWEVER, ON AN INDIVIDUAL BASIS, SOME CAMPESINOS LIKELY ARE BECOMING DEPENDENT ON INCOME FROM COCA LEAVES, WHICH ARE MORE PROFITABLE THAN LEGITIMATE CROPS.

11. LOCAL CONSUMPTION: LIKE THEIR COUNTERPARTS IN PERU AND BOLIVIA, SOME MOUNTAIN INDIAN GROUPS IN COLOMBIA TRADITIONALLY HAVE CHEWED COCA LEAVES, AND GOVERNMENT OFFICIALS HAVE CITED THIS TRADITION AS ONE BARRIER TO ELIMINATING COCA CULTIVATION. HOWEVER, THE COMMERCIAL SCALE COCA PLANTINGS IN COLOMBIA ARE ONLY A FEW YEARS OLD -- HARDLY ESTABLISHING A LONG TRADITION OF LOCAL CONSUMPTION -- AND ARE CULTIVATED NOT BY INDIANS, BUT BY MESTIZOS WHO HAVE MIGRATED FROM THE PACIFIC COAST. THE PRECISE LEVEL OF LOCAL CONSUMPTION IS UNKNOWN.

12. EVALUATION OF GOVERNMENT CONTROL/INCOME SUBSTITUTION PROGRAMS; AFTER HAVING FOR SEVERAL YEARS AN INTERNATIONAL REPUTATION AS A COCAINE PROCESSOR, COLOMBIA HAS ONLY RECENTLY BEGUN TO FOCUS ON THE PROBLEM OF DOMESTIC COCA PRODUCTION. ENFORCEMENT AGENCIES HAVE DESTROYED SOME INDIVIDUAL FIELDS AND HAVE PROPOSED A LARGE-SCALE MANUAL ERADICATION PROGRAM FOR THE DEPARTMENT OF META. HOWEVER, EXCEPT FOR A PIECEMEAL CAMPAIGN OF REPRESSION, THE GOC HAS NOT ADOPTED A POLICY FOR DEALING WITH THE COCA PROBLEM, AND TO OUR KNOWLEDGE, IS NOT CURRENTLY CONSIDERING AN INCOME SUBSTITUTION PROGRAM FOR THE COCA PRODUCTION AREAS.

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13. COCA PASTE PRODUCTION: APPROXIMATELY 1,000 POUNDS OF COLOMBIAN COCA LEAVES ARE NEEDED TO PRODUCE A KILO OF PASTE. HOWEVER, BECAUSE OUR ESTIMATES OF THE AVERAGE NUMBER OF BUSHES PER HECTARE AND THE AVERAGE BUSH SIZE ARE ROUGH, WE CANNOT GAUGE HOW MUCH "HOME GROWN" COCA PASTE ACTUALLY IS PRODUCED. FOR SMUGGLING EASE, THE COCAINE HCL PROCESSED IN COLOMBIA ENTERS THE COUNTRY ALREADY IN PASTE OR BASE FORM.

14. PRODUCTION OF COCAINE HCL: WE ESTIMATE COLOMBIA ANNUALLY PRODUCES 14-19 METRIC TONS OF COCAINE HCL. ADDITIONAL QUANTITIES TRANSIT THE COUNTRY.

15. COCAINE LABS: LAB ACTIVITY IS WIDESPREAD WITH CONCENTRATIONS AROUND COLOMBIA'S MAJOR CITIES - BOGOTA, CALI, MEDELLIN - WHERE CHEMICALS NEEDED FOR PROCESSING ARE READILY AVAILABLE AND WHERE RELATIVELY COOL TEMPERATURES ALLOW FOR MAXIMUM STABILITY OF BOTH BASE AND HCL. ADDITIONALLY PASTE LABS HAVE SPRUNG UP AROUND PRIME CULTIVATION AREAS.

16. TRAFFICKING PATTERNS: COCAINE PASTE AND BASE ENTER COLOMBIA FROM ITS SOUTHERN NEIGHBORS BY AIR, WATER (SEA AND FLUVIAL) AND LAND. IT IS THEN TRANSPORTED BY LAND AND AIR TO THE LABORATORIES. GENERALLY, THE FINISHED PRODUCT, COCAINE HCL, LEAVES COLOMBIA FOR THE U.S. OR EUROPE BY AIR, WITH LESSER QUANTITIES CONCEALED IN SEA CARGO SHIPMENTS.

17. MAJOR TRAFFICKING ORGANIZATIONS: THE BOGOTA DISTRICT OFFICE OF DEA HAS IDENTIFIED TWENTY MAJOR COCAINE TRAFFICKING ORGANIZATIONS, ABOUT WHICH WE WILL SUBMIT SEPARATE REPORTS AS DEVELOPMENTS WARRANT. ALTHOUGH MINOR FIGURES IN THE ORGANIZATIONS HAVE BEEN BUSTED, THE "CAPOS", BY ISLOATING THEMSELVES FROM ACTUAL TRANSACTIONS, HAVE SO FAR ELUDED PROSECUTION.

18. ENFORCEMENT ACTIVITIES: ACCORDING TO THEIR OWN STATISTICS, COLOMBIAN ENFORCEMENT AGENCIES SEIZE ONLY ABOUT FIVE - TEN PERCENT OF COCAINE PROCESSED IN COLOMBIA. THE ATTORNEY GENERAL'S JUDICIAL POLICE AND THE F-2 (INTELLIGENCE) UNIT OF THE NATIONAL POLICE ARE PRIMARILY RESPONSIBLE FOR COCAINE ENFORCEMENT ACTIVITIES, ALTHOUGH IN ITS NORTH COAST CAMPAIGN THE MILITARY ALSO HAS SEIZED SOME COCAINE. GENERALLY, ENFORCEMENT ACTIVITIES OF ALL AGENCIES CAN BEST BE DESCRIBED AS SPORADIC, WITH SOME IMPRESSIVE SEIZURES, ESPECIALLY BY THE NATIONAL POLICE, BUT MANY MISSED OPPORTUNITIES FOR INTERDICTION.

19. PRICE STRUCTURE:

THE PREVALING PRICES FOR COCA PRODUCTS ARE:

COCA LEAVES (ARROBA)	3,000 - 5,000 PESOS
COCA PASTE (KILO)	140,000 - 280,000 PESOS
COCAINE BASE (KILO)	400,000 - 500,000 PESOS
COCAINE HCL (KILO)	950,000 PESOS

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ARROBA EQUALS 25 POUNDS

THE ABOVE ARE INTERNAL COLOMBIAN PRICES. A KILO OF COCAINE HCL DELIVERED IN MIAMI SELLS FOR 45,000 TO 55,000 U.S. DOLLARS (2.2 - 2.8 MILLION PESOS).

20. FINANCIAL FLOWS AND MOVEMENT OF ILLICIT FUNDS: OUR KNOWLEDGE OF FINANCIAL FLOWS ASSOCIATED WITH COCAINE TRAFFICKING IS SCANTY. GENERALLY, ILLICIT TRANSACTIONS ARE ON A CASH BASIS, THOUGH CASHIERS CHECKS ARE SOMETIMES ACCEPTED. WE HAVE NOT RELIABLE ESTIMATES ON THE TOTAL QUANTITY OF COCAINE MONEY GENERATED OR ITS DISTRIBUTION WITHIN OR OUTSIDE COLOMBIA. HOWEVER, BASED ON EXPORTS OF 14-19,000 KILOS OF HCL WITH A MIAMI DELIVERY PRICES OF 50,000 USD, FINAL SALES COULD EQUAL UP TO 950 MILLION USD.

21. ECONOMIC IMPACT: SEE PARGRAPHS SIX AND TEN.

22. MARIJUANA:

MARIJUANA PRODUCTION: ON THE NORTH COAST APPROXIMATELY 100,000 ACRES ARE UNDER MARIJUANA CULTIVATION. WE HAVE ESTIMATES THAT IN THE LLANOS THERE ARE ANOTHER 10,000 ACRES OF MARIJUANA PLANTS, THOUGH RECENT INFORMANTS' REPORTS INDICATE THE LLANOS ACREAGE MAY REACH 40,000 ACRES.

23. ECONOMIC IMPORTANCE OF PRODUCTION: MARIJUANA HAS A SUBSTANTIAL ECONOMIC IMPACT ON COLOMBIA'S NORTH COAST, WHERE SOME LAND PREVIOUSLY DEVOTED TO COTTON, TOBACCO, ETC. HAS BEEN CONVERTED TO MARIJUANA PRODUCTION. HOWEVER, WE CANNOT CONCLUDE THAT MARIJUANA CULTIVATION HAS AFFECTED OVERALL AGRICULTURAL PRODUCTION TO ANY MEASURABLE DEGREE. SINCE LAND HAS NOT BEEN A SCARCE COMMODITY ON THE NORTH COAST, WE DO NOT KNOW IF UNDEVELOPED LAND PRICES HAVE RISEN, ALTHOUGH MANY RELUCTANT LEGITIMATE FARMERS HAVE BEEN FORCED TO SELL THEIR PROPERTIES TO THE CRIMINAL ELEMENT. MARIJUANA CULTIVATION LIKELY HAS HAD AN EVEN LESSER EFFECT ON AGRICULTURAL PRODUCTION IN THE LLANOS.

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24. LOCAL CONSUMPTION: IF ONE DOES NOT CONSIDER ALCOHOL, MARIJUANA IS THE MOST WIDELY ABUSED DRUG IN COLOMBIA. LOCAL CONSUMPTION IS INCREASING, AND THE GOC HAS ANNOUNCED PLANS FOR AN EDUCATIONAL CAMPAIGN TO DISCOURAGE MARIJUANA USE.

25. EVALUATION OF GOVERNMENT CONTROL/INCOME SUBSTITUTION PROGRAMS: ALTHOUGH VARIOUS ENTITIES OF THE GOC HAVE CONSIDERED POSSIBLE INCOME SUBSTITUTION PLANS FOR THE NORTH COAST MARIJUANA-GROWING AREAS, NO SUCH PROGRAM HAS BEEN IMPLEMENTED, AND THE GOVERNMENT RELIES ON INTERDICTION TO CONTROL MARIJUANA TRAFFICKING. ALTHOUGH THE MILITARY, RESPONSIBLE FOR GUAJIRA INTERDICTION FROM OCTOBER, 1978, UNTIL RECENTLY, MADE SOME IMPRESSIVE SEIZURES, PARTICULARLY IN THE ARLY MONTHS OF ITS CAMPAIGN, OVERALL THE ENFORCEMENT AGENCIES CAPTURE ONLY ABOUT TEN PERCENT OF MARIJUANA PRODUCED.

26. PRODUCTION ESTIMATE: BASED ON THE ACREAGE REPORTED ABOVE, ABOUT 50,000 TONS OF MARIJUANA ARE ANNUALLY AVAILABLE FOR SALE.

27. AREAS OF CULTIVATION: IN THE NORTH, KEY TRADITIONAL GROWING AREAS OARE CENTERED IN THE DEPARTMENTS OF LA GUAJIRA, MAGDALENA, AND CESAR, WITH NEW CULTIVATIONS FOUND IN BOLIVAR, SUCRE AND ANTIOQUIA. MARIJUANA THAT IS LOWER IN THC CONTENT (I.E. POORER QUALITY) IS GROWN IN THE EASTERN PLANS (LLANOS) REGIONS OF META, VAUPES AND VICHADA.

28. TRAFFICKING PATTERNS: MARIJUANA SMUGGLING IS A SOPHISTICATED BUSINESS WHICH BEGINS WITH THE FARMER AND, INCLUDING PACKERS, DRIVERS, BODYGUARDS, MIDDLEMEN AND SEAMEN, TOUCHES MYRIAD DIRECT AND ANCILLARY CONTACTS BEFORE REACHING THE ORGANIZATION HEAD. MOST MARIJUANA EXPORTED TO THE U.S. IS TRANSPORTED FROM THE NORTH COAST BY AIRCRAFT OR BOAT, ALTHOUGH SOME LONG-RANGE AIRCRAFT MAKE THEIR PICK-UPS DIRECTLY IN THE LLANOS. AIR IS CURRENTLY THE FAVORED MEANS OF SHIPMENT. SOME MARIJUANA MOVES BY LAND SOUTH FROM THE GUAJIRA TO THE PACIFIC COAST AND FROM THERE BY BOAT TO CONSUMERS IN ECUADOR.

29. MAJOR TRAFFICKING ORGANIZATIONS: FROM AMONG THE FORTY FAMILIES SAID TO CONTROL MARIJUANA TRAFFICKING ON THE NORTH COAST, TWELVE MAJOR ORGANIZATINS HAVE BEEN IDENTIFIED. WE WILL REPORT ON THESE ORGANIZATIONS INDIVIDUALLY AS DEVELOPMENTS WARRANT.

30. ENFORCEMENT ACTIVITIES: SEE PARAGRAPH 25.

31. PRICES STRUCTURE: IN THE MARIJUANA TRADE A BUYER'S MARKET CURRENTLY EXISTS. THE IMMENSE HARVEST REALIZED ON THE NORTH COAST IN THE FALL OF 1980 HAS CAUSED LARGE INVENTORIES OF STOCK-ON-HAND, WHICH IN TURN, HAS BROUGHT ABOUT A SEVERE DROP IN PRICES. DEPENDING ON AREA, MODE OF TRANSPORT AND DELIVERY SITE, MARIJUANA CAN BE PURCHASED FOR AS LITTLE AS ONE DOLLAR PER POUND.

32. FINANCIAL FLOWS AND MOVEMENT OF ILLICIT FUNDS: THE PATTERN OF FINANCIAL FLOWS IS DIVERSE AS THE CRIMINAL ELEMENT CREATES NEW WAYS TO CONCEAL ITS PROFITS. U.S. AND THIRD-COUNTRY BANKS HOLD BILLIONS OF DOLLARS DEPOSITED BY COLOMBIAN TRAFFICKERS WHO PREFER OVERSEAS ACCOUNTS, AND WITHIN COUNTRY MUCH CONVERSION OF MARIJUANA EARNINGS CONTINES TO BE CHANNELED INTO REAL ESTATE, WITH NORTH COAST RANCHES AND RURAL FARMS SOME OF THE HOTTEST PROPERTIES. MARIJUANA MONEY FLOW IS FACILITATED BY CERTAIN CENTRAL BANK OPERATIONS (THE "VENTANILLA SINIESTRA"), BY EXTRA-LEGAL OPERATIONS OF CURRENCY EXCHANGE HOUSES (CASE DE CAMBIO), LOCATED PRINCIPALLY IN BARRANQUILLA, AND BY LOOPHOLES IN THE GOC'S SYSTEM OF EXPORT REGULATION WHICH PERMITS TRANSFERS OF ILLICIT FUNDS THROUGH LEGAL BANKING CHANNELS (SEE SEPTEL ON CURRENCY FLOWS).

33. IN THE PAST, PROFITS REMAINED LARGELY OUTSIDE COLOMBIA FOR EXTERNAL USE BY TRAFFICKING ORGANIZATIONS, SINCE, ACCORDING TO THE "HIGH PROFILE" CONCEPT, IT WAS EASIER TO STAY ALIVE ON THE NORTH COAST F ONE'S STANDARD OF LIVING DID NOT CHALLENGE THAT OF ONE'S COMPETITORS. HOWEVER, AS IMMENSE PROFITS BECAUSE AVAILABLE TO ALL MAJOR ORGANIZATIONS, HUMAN NATURE (AND OSTENTATION) PREVAILED. CURRENTLY IN THE MARIJUANA TRADE, FARM AND CONSTRUCTION EQUIPMENT HAVE REPLACED LUXURY AOUTOMOBILES AS THE FAVORITE FORM OF PAYMENT AND PROFIT CONVERSION, INDICATING THE MERCEDES/BMW/AUDI SATURATION POINT MAY HAVE BEEN REACHED.

34. ECONOMIC IMPACT, THE REGIONAL ECONOMY OF THE NORTH COAST REFLECTS AN ENORMOUS INJECTION OF HARD CASH AND AN INCREASE IN PERSONAL BUYING POWER, BARRANQUILLA AND SOME OTHER URBAN NORTH COAST COMMUNITIES ABOUND IN LUXURY SHOPS OFFERING IMPORTED WEARING APPAREL, ELECTRICAL APPLIANCES AND EXPENSIVE FURNITURE. LOCAL COMMERCE IS NOW DIRECTED TO AN AFFLUENT DRUG-RELATED STRATA OF WHAT WAS ONCE A PURELY AGRO-ORIENTED SOCIETY.

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35. ON THE NATIONAL LEVEL, MARIJUANA EARNINGS HAVE PLAYED A LARGE ROLE IN EXPANSION OF THE MONEY SUPPLY (M1), WITH AND ESTIMATED 1.4 BILLION USD ANNUAL REPATRIATED TO COLOMBIA, APPROXIMATELY 800 MILLION DOLLARS OF WHICH IS CONVERTED TO PESOS. SINCE INTEREST RATES ON THE BLACK MONEY MARKET ARE HIGH, MARIJUANA EARNINGS OFTEN FLOW TO THIS MARKET, ESTIMATED TO BE AT LEAST ONE-THIRD THE SIZE OF THE LEGITIMATE FINANCIAL SYSTEM, AND THE MAJOR IMPACT OF MARIJUANA MONEY ON THE DOMESTIC ECONOMY OCCURS HERE.

36. METHAQUALONE: GENERALLY, WHAT WE HAVE SAID ABOUT MARIJUANA IS TRUE OF METHAQAULONE. APPROXIMATELY 36 METRIC TONS OF PROCESSED DOSAGE UNITS ARE ENTABLETTED EACH YEAR ON THE NORTH COAST, WHERE THE INDUSTRY IS CONTROLLED BY THE MARIJUANA TRAFFICKING ORGANIZATIONS, WHICH IMPORT METHAQUALONE POWDER PRINCIPALLY FROM WEST GERMANY AND EXPORT THE PILLS PRINCIPALLY TO THE U.S. THE POWDER ENTERS COLOMBIA EITHER THROUGH NON-OFFICIAL PORTS (SUCH AS PORTETE) OR BY SMUGGLING FROM FREE PORTS SUCH AS BARRANQUILLA. THE ENTABLETTING IS DONE EITHER WITH EASILY TRANSPORTED PRESSES SET UP ON AN AD HOC BASIS OR USING THE FACILITIES OF ESTABLISHED PHARMACEUTICAL FIRMS.

37. IN COLOMBIA METHAQUALONE IS INCREASINGLY BECOMING A DRUG OF ABUSE. ON THE BOGOTA STREETS ONE DOSAGE UNIT SELLS FOR ABOUT TEN CENTS, COMPARED TO A PRICE OF THREE TO FIVE DOLLARS IN THE U.S. GOC OFFICIALS HAVE ONLY RECENTLY REALIZED THE EXTENT OF THE METHAQUALONE PROBLEM AND ARE CONSIDERING METHODS OF CONTROL BEYOND INTERDICTION BY NORTH COAST ENFORCEMENT AGENCIES, ESPECIALLY THE JUDICIAL POLICE.
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